



**City of
Norfolk**
Office of the City Manager

C: Dir. Of Development, ACM Stein

Re: July 11, 2006

To the Honorable Council
City of Norfolk, Virginia

Re: Purchase of Property from Union Mission
(TUM-II, LLC) and Authorizing the
Conveyance of Property Owned by the
City to TUM-II, LLC.

Ladies and Gentlemen:

I. **Recommended Action:** Adopt ordinance.

II. **Overview**

This agenda item is a Real Property Exchange Agreement that authorizes the City Manager to execute the Real Property Exchange Agreement and the appropriation of funds to cover the agreed purchase price and other costs of the transaction. The agreement is between the City of Norfolk and the Union Mission (TUM-II, L.L.C.), which owns property located on St. Paul's Boulevard at the southeast corner of the intersection with Bute Street that contains approximately 2.9 acres. In exchange for the conveyance of the TUM-II, L.L.C. property on St. Paul's Boulevard to the City, the City will convey to TUM-II, L.L.C. the City Fire Station #3 located at Virginia Beach Boulevard and Monticello Avenue, plus an additional monetary amount of \$3,168,000. In this exchange of properties and other considerations, the City acquires a strategic site located in downtown Norfolk.

III. **Analysis**

A. **General**

This property is a component of efforts to assemble strategic properties key to the future of St. Paul's Quadrant. The property in the short term has been identified as a potential location to house the General District Court when the court is temporarily moved to facilitate a new unified court house development at the civic plaza.

PH - 1

B. Fiscal

The terms of this agreement are reasonable to the value of the properties. These valuations are based on recent appraisals of the properties.

C. Environmental

There are no environmental issues related to these properties. St. Paul's Quadrant is in the process of undergoing a visioning process that will potentially make the site being acquired by the City more compatible with future development.

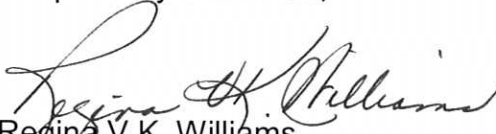
D. Community Outreach/Notification

In accordance with the Norfolk City Charter and Virginia state law, a legal notice was posted in the Virginian Pilot on Monday, July 3, 2006.

IV. Conclusion

This Real Property Exchange Agreement between the City of Norfolk and TUM-II, LLC will allow the City to acquire a strategic site located in downtown Norfolk. Therefore it is recommended that the City Council adopt the attached ordinance, which authorizes the City Manager to execute the Real Property Exchange Agreement and the appropriation of funds to cover the agreed purchase price and other costs of the transaction.

Respectfully submitted,


Regina V.K. Williams
City Manager

Coordination/Outreach

This letter has been coordinated with the Development Department and the City Attorney's Office.

RAP

Form and Correctness Approved:

By [Signature]
Office of the City Attorney

NORFOLK, VIRGINIA

Pursuant to Section 72 of the City Charter, I hereby certify that the money required for this item is in the city treasury to the credit of the fund from which it is drawn and not appropriated for any other purpose.

Contents Approved:

By [Signature]
DEPT.

\$ 3,168,000.00 CP021154
[Signature] Account
 Director of Finance 6/22/02
 Date

ORDINANCE No.

AN ORDINANCE APPROVING THE PURCHASE OF A CERTAIN PARCEL OF PROPERTY LOCATED IN THE CITY OF NORFOLK, FROM TUM-II, LLC; AUTHORIZING THE CITY MANAGER TO NEGOTIATE AN AGREEMENT IN SUBSTANTIAL CONFORMITY WITH THE TERMS AND CONDITIONS OF THE ATTACHED PURCHASE AND SALE AGREEMENT; AUTHORIZING THE EXPENDITURE OF A SUM OF UP TO \$3,168,000 FOR SUCH PURPOSE FROM FUNDS HERETOFORE APPROPRIATED; AND AUTHORIZING THE CONVEYANCE OF CERTAIN PROPERTY OWNED BY THE CITY OF NORFOLK TO TUM-II, LLC, FOR SUCH PURPOSE.

- - -

WHEREAS, the City is the owner of a certain parcel of real property located in the City of Norfolk, Virginia, approximately 0.8644 acre in size, and more particularly identified in Exhibit A attached hereto (the "Existing City Property"); and

WHEREAS, TUM-II, LLC, a Virginia limited liability company, is the owner of certain real property located in the City of Norfolk, Virginia, approximately 2.9 acres in size, located on St. Paul's Boulevard and more particularly described in Exhibit B attached hereto (the "Existing TUM Property"); and

WHEREAS, the City wishes to acquire the Existing TUM Property in substantial accordance with that certain Real Property Exchange Agreement, attached hereto as Exhibit C; now, therefore

BE IT ORDAINED by the Council of the City of Norfolk:

Section 1:- That subject to the terms and conditions deemed appropriate by the City Manager, the City Manager is authorized to enter into a Real Property Exchange Agreement, in substantial conformity to such agreement attached hereto as Exhibit C, and to accept on behalf of the City of Norfolk the dedication by TUM-II, LLC of that certain parcel of property known as the Existing TUM Property, described on Exhibit B attached hereto.

Section 3:- That simultaneously with the purchase of the Existing TUM Property by the City Manager on behalf of the City of Norfolk, the City Manager is authorized to convey to TUM by Special Warranty Deed, in form satisfactory to the City Attorney, that certain parcel of property owned by the City of Norfolk known as the Existing City Property, more specifically described in Exhibit A attached hereto.

Section 4:- That the City Manager is further authorized to do all other things necessary and proper to effect the conveyances set forth above.

Section 5:- That this ordinance shall be in effect from and after thirty (30) days from the date of its adoption.

Form and Correctness Approved: *NR*

Contents Approved:

By *Ralph [Signature]*

Office of the City Attorney

NORFOLK, VIRGINIA

By *Stanley [Signature]*

DEPT.

ORDINANCE No.

PH-1

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WHEREAS, TUM-II, LLC, a Virginia limited liability company, is the owner of certain real property located in the City of Norfolk, Virginia, approximately 2.9 acres in size, located on St. Paul's Boulevard and more particularly described in Exhibit B attached hereto (the "Existing TUM Property"); and

WHEREAS, the City wishes to acquire the Existing TUM Property in substantial accordance with that certain Real Property Exchange Agreement, attached hereto as Exhibit C; now, therefore

BE IT ORDAINED by the Council of the City of Norfolk:

Section 1:- That subject to the terms and conditions deemed appropriate by the City Manager, the City Manager is authorized to enter into a Real Property Exchange Agreement, in substantial conformity to such agreement attached hereto as Exhibit C, and to accept on behalf of the City of Norfolk the dedication by TUM-II, LLC of that certain parcel of property known as the Existing TUM Property, described on Exhibit B attached hereto.

Section 3:- That simultaneously with the purchase of the Existing TUM Property by the City Manager on behalf of the City of Norfolk, the City Manager is authorized to convey to TUM by Special Warranty Deed, in form satisfactory to the City Attorney, that certain parcel of property owned by the City of Norfolk known as the Existing City Property, more specifically described in Exhibit A attached hereto.

Section 4:- That the City Manager is further authorized to do all other things necessary and proper to effect the conveyances set forth above.

Section 5:- That this ordinance shall be in effect from and after thirty (30) days from the date of its adoption.

**Fire Station Site at
Virginia Beach Boulevard
And Monticello Avenue**

An irregular-shaped lot, piece or parcel of land situate, lying and being in the City of Norfolk, Virginia, said parcel being further described as follows: Commencing at a point that is the northeast corner of the intersection of Granby Street and Virginia Beach Boulevard, said Virginia Beach Boulevard being formerly known as High Street, said intersection being shown on an untitled plat, said plat being prepared by the Division of Surveys in the Department of Public Works in the City of Norfolk, Virginia, said plat being on file in said Division of Surveys as file number 3285, and said plat being duly recorded in the Clerk's Office of the Circuit Court of the City of Norfolk, Virginia, in Map Book 15 at Page 30; thence, from the point of commencement thus described, N 68°-23'-57" E, 72.96 feet, more or less, along the southern line of Virginia Beach Boulevard to a point of curvature, said point being the point of BEGINNING; thence, from the point of beginning thus described, S 21°-02'-03" E, 100.00 feet, more or less, to a point; thence, N 68°-24' E, 8.93 feet, more or less, to a point; thence, S 20°-32'-33" E, 71.04 feet, more or less, to a point on the northern line of Addison Street, formerly known as Alexander Street, said point being 141.60 feet, more ore less, east of the eastern line of Granby Street; thence, N 69°-27'-27" E, 34.86 feet, more or less, along said northern line of Addison Street to its intersection with the northern prolongation of the eastern line of Moseley Lane; thence, S 20°-32'-33" E, 116.28 feet, more or less, along said prolongation and said eastern line of Moseley Lane to a point; thence, S 6°-35'-03" E, 60.35 feet, more or less, along said eastern line, to a point; thence, N 83°-24'-57" E, 75.00 feet, more or less, to a point; thence, N 6°-35'-03" W, 65.03 feet, more or less, to a point; thence, N 20°-32'-33" W, 95.46 feet, more or less, to a point on the former southern line of Addison Street, formerly Alexander Street, said portion of Addison Street being closed by Council Ordinance #16,286; thence, N 69°-27'-27" E, 24.27 feet, more or less, along said former line of Addison Street to a point; thence, N 20°-32'-33" W, 30.00 feet, more or less, to a point on the former northern line of Addison Street; thence, N 69°-27'-27" E, 73.30 feet, more or less, along said former northern line of Addison Street to a point on the western line of Monticello Avenue; thence, 56.53 feet, more or less, along said western line of Monticello Avenue, along the arc of a curve to the right, the radius of which is 1,200.00 feet, to a point of reverse curvature; thence, 32.52 feet, more or less, along the arc of a curve to the left, the radius of which is 30.00 feet, to a point of tangency on the southern line of Virginia Beach Boulevard, formerly High Street; thence, N 82°-33'-48" W, 155.02 feet, more or less, along said southern line to a point of curvature; thence, 65.68 feet, more or less, along said southern line along the arc of a curve to the left, the radius of which is 129.41 feet, to the point of beginning

EXHIBIT "B"

PARCEL ONE:

ALL that certain lot, piece or parcel of land situate in the City of Norfolk, Virginia, known as Disposition Parcel 14, Project Va. R-8, a portion of which lies within Project Va. R-18, shown on a plat entitled, "Subdivision of Property of Norfolk Redevelopment and Housing Authority" prepared by Langley & McDonald, dated March 1, 1962, duly recorded in the Clerk's Office of the Corporation (now Circuit) Court of the City of Norfolk in Map Book 19 at page 46; which parcel is, with reference to said plat, bounded as follows:

Beginning at a point of intersection of the eastern line of proposed St. Paul's Boulevard with the southern line of Parcel 14 and running thence northwardly along the arc of a curve to the right, the radius of which is 1880 feet, an arc distance of 31.47 feet to a point; thence following the arc of a curve to the right the radius of which is 50 feet, an arc distance of 64.37 feet to a point; thence N. $62^{\circ}30'54''$ E. a distance of 32.41 feet to a point; thence along the arc of a curve to the right the radius of which is 340 feet, an arc distance of 197.49 feet to a point; thence S. $84^{\circ}12'18''$ E. a distance of 244.02 feet to a point; thence S. $84^{\circ}08'58''$ E. a distance of 70.30 feet to a point; thence following the arc of a curve to the right the radius of which is 20 feet, an arc distance of 31.40 feet to a point; thence S. $5^{\circ}47'42''$ W. a distance of 139.93 feet to a point and thence N. $84^{\circ}12'18''$ W. a distance of 558.86 feet to the eastern line of St. Paul's Boulevard, the point of beginning.

PARCEL TWO:

ALL those certain lots, pieces or parcels of land situate in the City of Norfolk, Virginia, known as Disposition Parcel 16, Project Va. R-8, and Disposition Parcel F in Project Va. R-18, as shown on a plat entitled, "Corrected Subdivision of Property of Norfolk Redevelopment and Housing Authority, Norfolk, Virginia" dated April 5, 1963, prepared by Langley and McDonald, Civil Engineers, which plat is duly recorded in the Clerk's Office of the Corporation (now Circuit) Court of the City of Norfolk in Map Book 21 at page 37. The above properties are located on the north side of Wood Street between St. Paul's Boulevard and Posey Lane in the City of Norfolk.

REAL PROPERTY EXCHANGE AGREEMENT

THIS REAL PROPERTY EXCHANGE AGREEMENT (this "Agreement") dated as of the 26th day of May, 2006, by and between the CITY OF NORFOLK, VIRGINIA, a municipal corporation of the Commonwealth of Virginia (the "City"), and TUM-II, LLC, a Virginia limited liability company ("TUM"), recites and provides as follows:

W I T N E S S E T H:

WHEREAS, the City is the owner of a certain parcel of real property, with improvements thereon, located in the City of Norfolk, Virginia, approximately 0.8644 acre in size, and more particularly identified on Exhibit A attached hereto and made a part hereof (the "Fire Station Property"); and

WHEREAS, TUM is the owner of certain real property, with improvements hereon, located on St. Paul's Boulevard in the City of Norfolk, Virginia, approximately 2.9 acres in size, more particularly described on Exhibit B attached hereto and made a part hereof (the "Horst Property"); and

WHEREAS, the Horst Property is a strategic site that is important to the City; and

WHEREAS, The Union Mission, a Virginia non-stock, not-for-profit corporation, approved by the Internal Revenue Service as a Section 501 (c) (3) tax-exempt organization (the "Mission") desires to relocate its current primary location at 130 West Brooke Avenue, Norfolk (the "Brooke Avenue" property) to a new site outside of the downtown Norfolk area (the "Relocation Project"); and

WHEREAS, the City also desires that the Mission relocate from the Brooke Avenue property to a new site outside of the downtown Norfolk area; and

WHEREAS, the Relocation Project entails, in part, the acquisition by the City of the Horst Property; and

WHEREAS, as consideration for the acquisition of the Horst Property from TUM, the City is prepared to pay a monetary sum and to convey the Fire Station Property to TUM; and

WHEREAS, by an Ordinance approved on/to be approved on the 2006 date recorded on Exhibit C, (the "Ordinance"), by the Norfolk City Council ("City Council"), the City Council

authorized the conveyance of the Fire Station Property by the City to TUM, and the dedication and conveyance by TUM of the Horst Property to the City, all on terms and conditions as provided in the Ordinance.

NOW, THEREFORE, for and in consideration of the above recitals and premises, and the mutual covenants and agreements hereinafter set forth, the sum of Ten Dollars (\$10.00) cash in hand paid by each party to the other, and for other good and valuable consideration, the receipt and sufficiency of which the parties respectively hereby acknowledge, the parties hereby covenant and agree as follows:

1. Dedication and Conveyance to the City by TUM. At Closing, (defined in Section 3. a.) TUM shall dedicate and convey the Horst Property in fee simple to the City, by General Warranty Deed, in form satisfactory to the Norfolk City Attorney, and the City shall accept the Horst Property, which property is more particularly described on Exhibit B attached hereto. Nothing contained herein shall be construed as limiting the use of the property by the City.

2. Conveyance by the City to TUM.

a. At Closing, the City shall convey the Fire Station Property to TUM, by Special Warranty Deed, in form satisfactory to the Norfolk City Attorney, together with the improvements thereon, which property is more particularly described on Exhibit A attached hereto. The Fire Station Property shall be conveyed "AS IS" and shall be free and clear of all liens, but subject to all encumbrances, easements, matters of survey and restrictions of record.

b. In addition to the conveyance of the Fire Station Property to TUM, the City shall pay TUM the sum of THREE MILLION ONE HUNDRED SIXTY EIGHT THOUSAND 00/100 Dollars (\$3,168,000.00) (the "Purchase Price").

c. The Horst Property shall be conveyed to the City "AS IS" and shall be free and clear of all liens, but subject to all encumbrances, easements, matters of survey and restrictions of record.

3. Closing and Conditions.

a. Closing shall be held at the offices of the title company providing the City its Title Commitment (defined in Section 3.d.) within ninety (90) days of the effective date (the

"Effective Date") shown on the ordinance adopted by the City Council, approving the exchange, or at such other time and place as the parties hereto may mutually agree, and all the legal documents can be prepared, and any title problems can be resolved, subject to and in accordance with the provisions of this Agreement ("Closing").

b. This Agreement is subject to acceptance by an ordinance adopted by the City Council and the City shall not be bound by the terms of this Agreement until the Effective Date of said ordinance. The City shall provide TUM with a copy of said ordinance on or before Closing.

c. At Closing, (i) possession of the Horst Property will be delivered to the City, and (ii) the Purchase Price and possession of the Fire Station Property will be delivered to TUM. The obligations of each party under this Agreement are conditioned upon all covenants, warranties, representations and agreements contained in this Agreement, which shall remain true and correct in all material respects, and shall survive the Closing.

d. City shall have obtained a commitment (the "City Title Commitment") for issuance of an ALTA Owner's Policy of Title Insurance "City Title Policy"). In the event that the City Title Commitment discloses defects of title or other matters unsatisfactory to City, the City shall notify TUM in writing (an "Objection Notice"), no fewer than sixty (60) days prior to the Effective Date, of such title defects or other matters to which City objects. TUM covenants that it shall cure all monetary encumbrances and all title objections which may be cured by execution of a document requiring the signature of no party other than TUM (including any affidavits which may reasonably be required by the title insurer). TUM may notify the City in writing (an "Objection Response"), within ten (10) business days after receiving an Objection Notice if it believes that the Objection Notice makes reference to any title defect or other matter that TUM cannot or elects not to cure. Upon receipt of an Objection Response from TUM, City shall have the option either to (i) terminate this Agreement by written notice to TUM or (ii) accept the defects, exceptions or other matters referenced in such Objection Response and proceed to Closing hereunder with no reduction of the Purchase Price. TUM shall have the period until the Closing date within which to correct all defects, exceptions or other matters that it is required or elects to cure.

e. TUM shall have obtained a commitment (the "TUM Title Commitment") for issuance of an ALTA Owner's Policy of Title

Insurance (the "TUM Title Policy"), on which City shall be entitled to rely as to the City's interest in the Fire Station Property. In the event that the TUM Title Commitment discloses defects of title or other matters unsatisfactory to TUM, then TUM shall notify City in writing (an "Objection Notice"), no fewer than sixty (60) days prior to the Effective Date, of such title defects or other matters to which TUM objects. City covenants that it shall cure all monetary encumbrances and all title objections which may be cured by execution of a document requiring the signature of no party other than City (including any affidavits which may reasonably be required by the title insurer). City may notify TUM in writing (an "Objection Response"), within ten (10) business days after receiving an Objection Notice if it believes that the Objection Notice makes reference to any title defect or other matter that City cannot or elects not to cure. Upon receipt of an Objection Response from City, TUM shall have the option either to (i) terminate this Agreement by written notice to City or (ii) accept the defects, exceptions or other matters referenced in such Objection Response and proceed to Closing hereunder with no reduction of the Purchase Price. City shall have the period until the Closing date within which to correct all defects, exceptions or other matters that it is required or elects to cure.

f. This Agreement is further conditioned upon TUM successfully obtaining satisfactory re-zoning of the Fire Station Property by the City Council for its intended uses. A general description of the intended uses is attached hereto and made a part hereof as Exhibit D. TUM shall apply for such re-zoning promptly after the full execution of this Agreement. In the event such an ordinance is not adopted by the City Council by the time these transactions would otherwise be closed, the Closing shall be postponed until fifteen (15) days after the approval of the required ordinance by the City Council.

g. This Agreement is further conditioned upon a ninety (90) day due diligence period ("Due Diligence Period") to begin upon the full execution of this Agreement. During the Due Diligence Period either party may terminate this Agreement in its sole discretion without consequence.

4. Prorations and Closing Costs.

a. Each party shall pay all costs associated with any fees or expenses to the extent attributable to its property for the period prior to Closing, and shall pay all its own closing costs unless specifically provided otherwise herein. All real estate taxes and assessments, both general and special, rents, utility

charges, and all other normally proratable items shall be prorated to the Closing Date. Should any such proration be inaccurate based on the actual tax bill or assessment when received, either party shall be entitled to a payment from the other to correct the malapportionment.

b. Each party shall pay all recordation taxes and related fees to record the deed for the property it receives, in addition to all costs of title insurance, survey, due diligence reports, attorney's fees, inspections, and similar costs.

c. Each party hereto shall be responsible for the payment of all real estate taxes and assessments attributable to the property it receives, coming due subsequent to the date of Closing. The provisions of this Paragraph 4 shall survive Closing.

5. Items to be Delivered at Closing.

At Closing each party shall assign and/or deliver to the other:

a. The deeds provided for in Paragraph 1 and Paragraph 2;

b. Evidence of the party's authority to effect the transaction contemplated by this Agreement (a copy of the Ordinance shall be sufficient for the City's authority);

c. A non-foreign status affidavit and other usual and customary documents required of a seller of real estate;

d. Form 1099S real estate reporting information (provided by TUM only), and any other income papers or related affidavits, if any, that may be necessary to close the transaction;

e. A customary owner's mechanics' lien affidavit to the title insurance company to issue its policy free of exceptions for rights of parties in possession, and for unfilled mechanics' and materialmen's liens;

f. All other rights, contracts, leases, easements and rights-of-way relating to the Horst Property and the Fire Station Property.

6. Representations and Warranties. Each party's representations and warranties shall be true and correct (with respect to representations) and unbreached (with respect to

warranties) in all material respects as of the date of Closing. In the event any of the conditions in this Agreement are unsatisfied at the time specified for Closing, and are not waived in writing, the damaged party may, at its election, terminate its obligations under this Agreement, whereupon this Agreement shall become null and void, no party having any further right or obligation hereunder.

Each party hereby makes the following warranties, representations and covenants with respect to the property it is conveying:

a. Litigation

There is no claim, action, suit, investigation or proceeding, administrative or at law, in equity or otherwise, now pending or, to the best of the party's knowledge, threatened against it, or with respect to the subject property, or to which the new owner might become a party. Each party is not subject to the terms of any decree, judgment or other action of any court, administrative agency or arbitrator, which has or could result in a material adverse effect on the property it is to convey or the operation and use thereof.

b. Governmental Requirements

Each party represents that it has not received any notice of violation of any federal, state, local, or other governmental order or requirement issued by any governmental body or by any action in any court, against or affecting property it is to convey that has not been fully complied with in all respects to the satisfaction of the governmental authority having jurisdiction.

c. Assessments

Each party represents that there are no special assessments unpaid for its property.

d. No Conflict

Neither the execution nor the delivery of this Agreement, or the documents contemplated hereby, nor the consummation of the conveyance of the property, will conflict with or cause a breach of any of the terms and conditions of, or constitute a default under, any agreement, commitment, note, mortgage, lease, bond, license, permit or other instrument or obligation by which the transferring party is bound.

e. Condemnation

Each party represents that it has no notice or knowledge of any pending or threatened condemnation or eminent domain proceedings that would affect its property.

f. Seller's Authority

Each party represents that it has full power, authorization and approval to enter into this Agreement and to carry out its obligations hereunder.

g. Brokerage or Agent's Fees

Each party represents that it does not have any obligation whatsoever to pay any brokerage fee or agent's fees in respect to this Agreement or either of the properties described in this Agreement.

h. Environmental Matters

Each party represents, to the best of its knowledge, that (I) there are no "hazardous substances" (as defined in Comprehensive Environmental Response, Compensation and Liability Act of 1980, 42 D.S.C. §§9601 et seq., as amended) at its respective property; (ii) there has been no release or threat of release of any such hazardous substance; (iii) its respective property is not subject to regulation by any governmental entity as a result of the presence of (A) stored, leaked or spilled petroleum products, (B) underground storage tanks, © an accumulation of rubbish, debris or other solid waste, or because of the presence, release, threat of release, discharge, storage, treatment, generation or disposal of any "hazardous waste" (as defined in the Resource Conservation and Recovery Act, 42 D.S.C. §§6901 et seq., as amended), or "toxic substance" (as defined in the Toxic Substance Control Act, 15 D.S.C. §§2601 et seq., as amended), including without limitation asbestos and items or equipment containing polychlorinated biphenyls (PCBs) in excess of 50 parts per million; (iv) no environmental condition exists on its respective property that either (A) requires the owner of the property to report such condition to any authority or agency of the State of Virginia or (B) requires the owner of the property to make a notation of such condition in any public records or conveyance instrument upon the conveyance of the property; and (v) each party represents that it has not received any written notice that any condition exists on its respective property that is characterized by any governmental authority as an actual or potential danger to the environment or public health.

7. All notices called for hereunder shall be in writing and shall be deemed to have been given when sent by registered or certified mail, return receipt requested to:

City:

Regina V. K. Williams, City Manager
Suite 1101
810 Union Street
Norfolk, Virginia 23510

with a copy to:

Bernard A. Pishko, Esquire
City Attorney
Suite 900
810 Union Street
Norfolk, Virginia 23510

TUM-II, LLC:

Mr. James R. Herndon
President
c/o 2289 South Military Highway
Chesapeake, Virginia 23320

with a copy to:

Philip R. Farthing, Esquire
Philip R. Farthing, P. C.
Suite 410, Dominion Tower
999 Waterside Drive
Norfolk, Virginia 23510-3309

or to such other address as the party to receive such notice may hereafter request by written notice to the other.

8. Risk of Loss. In the event of a fire or other casualty to either property, or any portion thereof, the intended recipient of such property shall not have the right to terminate this Agreement unless a casualty is of such a nature to make the property no longer functional or usable to the recipient, in the sole and absolute discretion and opinion of such recipient. Any such termination notice shall be given within ten (10) days after the intended recipient receives written notice of the casualty. If the intended recipient does not terminate this Agreement pursuant to the preceding sentence, the parties shall proceed to Closing on all of the terms and conditions of this Agreement, with no change or reduction in the Purchase Price.

9. Survival of Warranties. The covenants and warranties

herein shall survive the Closing.

10. Entire Agreement. This Agreement constitutes the entire agreement between the parties and may not be modified or changed except by written instrument executed by both parties.

11. Gender; Number. All pronouns shall be construed to be of such gender and number as the context may require.

12. Additional Documentation. Each party shall, upon request from the other from time to time, take such acts and provide such additional documentation as shall be reasonably requested and reasonably necessary or desirable in order to effectuate the provisions of this Agreement. This obligation shall survive Closing.

13. Controlling Law. This Agreement shall be construed, performed and enforced in accordance with the laws of the Commonwealth of Virginia.

14. Counterparts. This Agreement may be executed in two (2) or more counterparts, each of which shall be deemed an original hereof, but all of which, together, shall constitute a single agreement.

Signature Pages Follow
The Remainder of This Page Left Blank Intentionally

WITNESS the following signatures and seals:

CITY OF NORFOLK, VIRGINIA

Attest:

City Clerk

By: _____
City Manager

Approved as to contents:

Director of Executive Department

Approved as to form and correctness:

Assistant City Attorney

ACKNOWLEDGMENT

STATE OF VIRGINIA,
CITY OF NORFOLK:

On this ___ day of _____, 2006, before me, the undersigned notary public in and for said City and State, personally appeared before me, Regina V.K. Williams and R. Breckenridge Daughtrey, to me personally known who, being by me duly sworn, did say that they are the City Manager and the City Clerk, respectively, of the City of Norfolk, Virginia, and that the seal affixed to the foregoing instrument is the seal of said City, and that said instrument was signed and sealed in behalf of said City by authority of its Council.

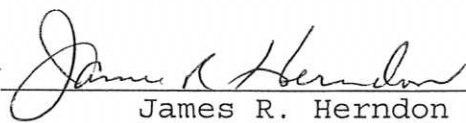
WITNESS MY HAND and notarial seal subscribed and affixed in

said City and State the ____ day of _____, 2006.

Notary Public

My Commission Expires: _____

TUM-II, LLC, a Virginia
Limited Liability Company

By 
James R. Herndon
President

ACKNOWLEDGMENT

STATE OF VIRGINIA,
AT-LARGE, to-wit:

I, Philip R. Farthing, a Notary Public in and for the Commonwealth of Virginia, whose term of office expires on the 31st day of July, 2006, do hereby certify that James R. Herndon, President of TUM-II, LLC, a Virginia limited liability company, whose name is signed to the foregoing property exchange agreement bearing date on the 26th day of May, 2006, has acknowledged the same before me in my State aforesaid, in the City of Norfolk.

Given under my hand this 26th day of May, 2006.



Notary Public

CERTIFICATE OF FUNDING

I hereby certify that the money required for this Agreement is in the City Treasury to the credit of the fund from which it is to be drawn and not appropriated for any other purpose.

AMOUNT: \$3,168,000

DATE: _____, 2006

ACCOUNT: _____

DIRECTOR OF FINANCE

EXHIBIT "A"

EXHIBIT "B"

PARCEL ONE:

ALL that certain lot, piece or parcel of land situate in the City of Norfolk, Virginia, known as Disposition Parcel 14, Project Va. R-8, a portion of which lies within Project Va. R-18, shown on a plat entitled, "Subdivision of Property of Norfolk Redevelopment and Housing Authority" prepared by Langley & McDonald, dated March 1, 1962, duly recorded in the Clerk's Office of the Corporation (now Circuit) Court of the City of Norfolk in Map Book 19 at page 46; which parcel is, with reference to said plat, bounded as follows:

Beginning at a point of intersection of the eastern line of proposed St. Paul's Boulevard with the southern line of Parcel 14 and running thence northwardly along the arc of a curve to the right, the radius of which is 1880 feet, an arc distance of 31.47 feet to a point; thence following the arc of a curve to the right the radius of which is 50 feet, an arc distance of 64.37 feet to a point; thence N. $62^{\circ}30'54''$ E. a distance of 32.41 feet to a point; thence along the arc of a curve to the right the radius of which is 340 feet, an arc distance of 197.49 feet to a point; thence S. $84^{\circ}12'18''$ E. a distance of 244.02 feet to a point; thence S. $84^{\circ}08'58''$ E. a distance of 70.30 feet to a point; thence following the arc of a curve to the right the radius of which is 20 feet, an arc distance of 31.40 feet to a point; thence S. $5^{\circ}47'42''$ W. a distance of 139.93 feet to a point and thence N. $84^{\circ}12'18''$ W. a distance of 558.86 feet to the eastern line of St. Paul's Boulevard, the point of beginning.

PARCEL TWO:

ALL those certain lots, pieces or parcels of land situate in the City of Norfolk, Virginia, known as Disposition Parcel 16, Project Va. R-8, and Disposition Parcel F in Project Va. R-18, as shown on a plat entitled, "Corrected Subdivision of Property of Norfolk Redevelopment and Housing Authority, Norfolk, Virginia" dated April 5, 1963, prepared by Langley and McDonald, Civil Engineers, which plat is duly recorded in the Clerk's Office of the Corporation (now Circuit) Court of the City of Norfolk in Map Book 21 at page 37. The above properties are located on the north side of Wood Street between St. Paul's Boulevard and Posey Lane in the City of Norfolk.

EXHIBIT C

Pursuant to the recital in this Agreement referencing the Ordinance, and the provisions of paragraph 3. b. of the Agreement, the Ordinance has been approved on _____, 2006, as Ordinance # _____.

EXHIBIT D

INTENDED USES BY TUM OR ITS LESSEE, THE UNION MISSION:

1. Men and women from The Mission who work in the downtown area will be off-loaded in the mornings to allow them to go to their places of employment and, in some instances, to allow their employer to pick them up.
2. Men and women from The Mission who work in the downtown area will be on-loaded to return to The Mission after work.
3. In certain instances, residents of The Mission will be off-loaded to obtain social and related services available in Norfolk.
4. New clients of The Mission may be picked up from this site and transported to The Mission's primary site.
5. After daily transportation to The Mission site has concluded, new clients of The Mission will be provided emergency housing overnight for the first night they arrive for assistance. These clients will be transported to The Mission site the next morning for assessment of their needs.
6. Although these new clients will consist of men, women, and children, a significant number may be women and children.
7. If food service is required, it will be made available and provided on an as-needed basis on the site. Vending machines may also be available on the premises.
8. Overnight housing for men, and for women and children, will be segregated. Shower and bathroom areas will be available and will also be segregated.
9. Clothing may be provided for these overnight residents.
10. Bible studies may be conducted on the premises.
11. Appropriate security services will be provided.
11. The site shall meet the applicable requirements:
 - A. Mechanical equipment will be screened.

- B. Compliance with refuse control.
- C. Uses beyond those described above will not be objectionable to the area.
- D. Lighting requirements will be met.
- E. Landscaping and buffering requirements will be met.
- F. Yard requirements will be met.
- G. Parking will be off-street.
- H. Required sidewalks are presently available.
- I. The minimum lot requirements are currently met.
- J. Corner lot requirements are met.
- K. Building height requirements are met.
- L. Appropriate signage will be used.
- M. Beyond the uses described above, noises will not be objectionable.